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C O N F I D E N T I A L SECTION 01 OF 02 HARARE 000310

SIPDIS

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TAGS: [ECON](#) [ELAB](#) [PGOV](#) [ZI](#)

SUBJECT: PROPOSED WAGE FREEZE - ZCTU'S POSITION

Classified By: Laboff KRBel for reasons 1.5 (b) and (d).

1. (C) Summary. The Zimbabwe Congress of Trade Unions (ZCTU) continues to negotiate with employers and the GOZ in an attempt to find common ground for economic actions which will ease the burden on the ordinary worker. Despite widespread agreement between the working-level contacts on the best way forward, the ultimate proposal stripped many areas of consensus and focused only on wage freezes and price controls. The ZCTU believes that its mandate is to advocate -- with whomever is in power -- for the betterment of its membership, rather than engage in politics or attempts at government-building. Chibebe has yet to be convinced that calling on the ZCTU's membership to be the "shock troops" for a mass action will guarantee any benefits to the average worker. Until the positions of the military and police forces are clearly stated, the ZCTU remains wary of direct confrontation. End summary.

2. (C) Laboff met with Wellington Chibebe, Secretary General of the Zimbabwe Congress of Trade Unions, for a discussion of the current Tripartite Negotiating Forum (TNF) process. Labor has been meeting with representatives of both business and government in an effort to come to some agreement on a prudent plan for short-term economic management. However, while technical experts from all sectors agree on the practical steps necessary to stimulate the economy, the ultimate proposal -- dubbed the TNF protocol -- focuses only on a narrow range of actions.

3. (C) According to Chibebe, the TNF negotiators agreed on a broad range of steps viewed as necessary to prod the economy from stagnation. These included the wage freezes addressed in the TNF protocol, and also encompassed addressing issues of governance, stabilizing the fuel supply, devaluing the Zim dollar, and tying controlled prices to the prices of inputs, including labor costs. Despite widespread agreement in the negotiating team, only the wage freezes and local product price controls made it into the final proposal. Chibebe believes that, even if the GOZ is negotiating in good faith, the level of actual control it is able to exert on the economy is likely to be limited. Nevertheless, he believes it is incumbent upon them to continue with the negotiations -- for the present.

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Wage Negotiations Likely to Threaten Accord  
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4. (C) While the ZCTU is willing to engage in dialogue, even though it does not believe the current regime to be legitimate, Chibebe fears that the talks may reach a sticking point on actual minimum wages. Chibebe believes that the GOZ does not recognize the critical situation faced by most workers. For instance, the minimum wage for agricultural workers is only Zim \$4,500 per month (US \$3.21) while Chibebe believes the poverty datum line is closer to Zim \$20,000 (US \$14.28). Similarly, an industrial worker's minimum wage stands at Zim \$13,000 per month (US \$9.28), but Chibebe believes that poverty level for such a worker lies between \$36,000 and \$42,000 per month (US \$25.71 - \$30.00). The variance between these two representative ranges is the result of differences between rural and urban living costs. The cost of food, traditionally lower in the rural areas and closer to the source of production, is now astronomical both in urban and rural areas due to shortages and widespread dependence on the costly black market. However, some agricultural workers still benefit through subsidized housing, subsidized food, and lower transport costs.

5. (C) The difficulties inherent in negotiating new minimum wages are typified by the experience of GAPWUZ, the agricultural workers' union. Last September, the Agricultural Labor Board (ALB) of the Commercial Farmers' Union (CFU) negotiated new minimum wages with GAPWUZ. At that time, both parties agreed to increase the minimum wage from \$4,500 to \$7,500, with future increases to \$9,500 in January 2003 and again to \$11,500 in May 2003, and submitted their collective bargaining agreement to the Minister of Labor for "registration," or approval. Minister of Labor

July Moyo -- who himself is the recipient of a new farm, along with his deputy and other interested decision makers -- rejected the agreement in December 2002, demanding that the ALB and GAPWUZ renegotiate the agreement for a lower minimum wage. The reason? Minister Moyo claimed that the negotiated wage was too high for the newly-resettled farmers -- including himself -- to absorb, and constituted "sabotage" against the land resettlement program. The irony, of course, is that anybody unable to meet a statutory minimum wage is entitled to request a waiver under the Labor Relations Act -- but this would then open the door for a review of the appellant's financial status. Although the ALB has obtained two legal opinions that hold the Minister of Labor does not have the authority to demand that the two parties re-negotiate a lower minimum wage, the Minister has refused to recognize the collective bargaining agreement.

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Comment: Dialogue vs. Mass Action -- And the Aftermath  
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16. (C) According to Chibebe, the failure of the ZCTU to support recent calls for mass action or widespread stayaways is the result of careful evaluation rather than lack of political will. The National Constitutional Assembly (NCA), which has called for the past few failed stayaways, is quick to cast ZCTU as a sellout for engaging in dialogue with a discredited government. However, as Chibebe points out, dialogue -- forcing the government to meet with its adversaries -- is the traditional goal of mass action. If the main benefit to be gained from mass action is negotiation, why not engage in negotiation without the added burden of requiring members to expose themselves, both personally and financially, through strikes and stayaways? Besides, he added, the GOZ has committed itself to enough unachievable goals -- including reducing the deficit to eleven percent, and reducing inflation to 95 percent by the end of June -- that if it reneges on substantive matters such as reasonable minimum wages, the ZCTU has adequate grounds to call for mass action if and when the current dialogue has clearly failed.

17. (C) Another reason that the ZCTU has been unwilling to wholeheartedly support calls for mass action is that there have been no clear statements of who would fill any resultant power vacuum, and where the security forces will throw their weight. If a mass action called by the NCA and supported by the ZCTU proved so successful that the existing power structures crumble, Chibebe's concerns would continue to focus on the situation of the workers. Despite its close relationship with the MDC, the ZCTU is not convinced that the opposition party is prepared to manage the economy for the benefit of the labor force should the Zanu-PF hierarchy implode. Chibebe is also wary of the role of the military as well as the police forces in a post-Zanu-PF government. According to his talks with the MDC leadership, there has been no indication of what role these powerful players would take in a confrontation with Zanu-PF or in a post-Zanu-PF government. Chibebe hopefully described a potential situation wherein only "the first five or ten protesters would be shot, and the security forces would then refuse to be the enforcers and would come over to the side of the protesters..." However, without any assurance that the security forces are actually aligned with the goals of the MDC, NCA and ZCTU, Chibebe remains completely unwilling to put his membership at the forefront of a potentially fatal conflict.

18. (C) As the tripartite negotiations demonstrate, the ZCTU still thinks that it can best work from within the system, and Chibebe believes firmly in dialogue at this stage. If the dialogue nets no solid gains at the end of the period of the negotiated wage freeze -- currently scheduled through June -- mass action may again become the most appropriate response. End comment.

SULLIVAN